Black Hawk County/P.P.M.E. Local 2003 (Nurses)

2002-2003
CEO 81
Sector 2

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PUBLIC EMPLOYMENT
RELATIONS BOARD

BEFORE THE ARBITRATOR

In the Matter of the Fact-finding Between

BLACK HAWK COUNTY, IOWA

and

PUBLIC PROFESSIONAL AND MAINTENANCE EMPLOYEES, IUPAT LOCAL 2003

CEO#81/Sector 2

APPEARANCES:

Tom Pounds, Personnel Director for Black Hawk County, appearing on behalf of Black Hawk County.

Joe Rasmussen, Business Representative, International Union of Painters and Allied Trades Iowa, Nebraska, Western Illinois District Council 81, appearing on behalf of Public Professional and Maintenance Employees, Local 2003.

BACKGROUND AND JURISDICTION:

Black Hawk County, hereinafter referred to as the County or the Employer, and the Public Professional and Maintenance Employees, IUPAT, Local 2003, hereinafter referred to as the Union, are parties to an agreement effective July 1, 2001 to June 30, 2003. In negotiating the agreement to commence July 1, 2003, impasse was reached on two issues.

Pursuant to Section 20.21 of the Iowa Public Employment Relations Act (PERA), the undersigned was selected as arbitrator to issue a decision on the matters remaining in dispute. The hearing was convened on February 21, 2003. At that time, both parties present were given full opportunity to present oral and written evidence and to make relevant argument. Further, the hearing was taped.

ISSUES IN DISPUTE:

The parties remain at impasse on issues concerning wages and health insurance.

POSITIONS OF THE PARTIES:

The Union seeks a two percent across-the-board wage increase effective July 1, 2003 and an additional two percent effective January 1, 2004, plus regular step increases for eligible employees during Fiscal Year 2004. With respect to health insurance, the Union seeks to increase the employee's monthly premium contribution[1], add a formulary drug co-pay to the current prescription drug plan half-way between the current generic and brand name, and to add a 90 day mail order provision to the current prescription drug plan with no co-pay for the last 30 days. It also seeks, however, that there be no change in current deductibles or out-of-pocket maximums, and the aggregate use of drug co-pays as part of the current out-of-pocket maximum.

The County, however, proposes a 2.5% across-the-board wage increase, effective the first day of the pay period that includes July 1, 2003, plus step increases for those eligible. It also proposes that effective July 1, 2003 the employee electing single coverage contribute twenty dollars and the employees electing dependent coverage contribute fifty dollars toward the cost of the monthly health insurance premium. Further, it proposes that Prescription Drugs under the Preferred Provider Plan be changed to an eighty-twenty co-payment on generic and brand names, if no generic or formulary is available; that a seventy-thirty co-payment be applicable to formulary names if a generic drug is available and that a sixty-forty co-payment be applicable to brand names, if generic or formulary drugs are available.

In support of its proposals, the County asserts that while it is not making a legal "inability to pay" issue in this dispute, it is facing budgetary problems very similar to those it faced during the economic crisis of the 1980's when there were also revenue shortages, low tax growth and decreasing reserve funds. Continuing the County declares that its reserve balances have been steadily decreasing and that "large health insurance increases and extremely low fixed employee premium contributions" have caused local property taxpayers to pay for a greater portion of the health insurance costs and that these factors support its position on wages and health insurance. Further, it maintains that when the budget, cost-of-living, medical trends and the "burden" they place on local property taxpayers are considered, its offer is both "fair and responsible".

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[1] The Union specifically proposes that the employees electing single coverage shall contribute ten dollars and that employees electing dependent coverage shall contribute twenty-five dollars toward the cost of the monthly premium.

The Union, however, argues that its offer is more reasonable not only with respect to its proposed wage increase but with respect to its health insurance proposal. In support of its wage rate increase, the Union maintains that its 2% in July and 2% in January proposal is consistent with the bargaining unit's history of wage settlements with the County; that the proposed increase is consistent with the 2.4% inflationary rate for 2002 given that gasoline and heating fuels will probably increase this rate in 2003; that its proposal is similar to the settlement trend in the area, and that its proposal attempts to address employee turnover and the inability to hire new employees. The Union also asserts that the County does not have an inability to pay the proposed wage increase.

With respect to its health insurance proposal, the Union urges that its proposal be adopted since the employees are offering to increase their prescription drug cost consistent with the Employer's proposal and since they are also offering to double their monthly premium payments. The Union also states that its proposal is closer than the County's is to the current employee contribution average in the comparability group. Finally, noting that the "Union has worked voluntarily over the years to make significant changes in insurance coverage and has gradually shifted more and more cost and liability to the employees", the Union declares that it should not have to pay for the Employer's mismanagement of its own self-funded program by consistently underfunding it.

DISCUSSION AND CONCLUSIONS:

The Public Employment Relations Act, under Section 20.22, states criteria to be considered in determining the reasonableness of the parties' offer under binding arbitration. Therein, the law directs arbitrators to consider the following factors relevant: past collective bargaining contracts between the parties including the bargaining that led up to such contracts; comparison of wages, hours and conditions of employment of the involved employees with those of other public employees doing comparable work giving consideration to factors peculiar to the area and the classification involved; the interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of those adjustments on the normal standard of services, and the power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

After reviewing the evidence, the arguments of the parties, considering the criteria set forth in Section 20.22 and assigning weight, where possible, to that criteria, it is concluded that the Union's proposal on both the wage issue and the insurance issue should be adopted. This decision is based upon several findings.

First, the bargaining unit in this dispute, approximately 111 full-time employees and 17 part-time employees, consists primarily of employees at the Country View nursing facility. A few employees at the County youth shelter are also included. The Country View nursing facility is one of the few medical facilities for mentally and physically disabled residents that continues to be operated by a county. Most of these facilities, due to financing options available, are now owned by the counties with the services contracted out to private contractors.

This unit has been organized for many years and almost all of the past agreements have been voluntary ones, including one that went to fact finding in 1997. In the bargaining that led to this impasse, the parties reached agreement on several issues and have reached agreement in some respects within the health insurance area. These agreements did not resolve their differences, however, over the extent to which the wage rate should be increased or the amount of the monthly health insurance premium that should be contributed by the employees. During a mediation session in January, the mediator produced a supposal that was supported by both bargaining teams but rejected by the County Board of Supervisors. Following the rejection of this supposal, the parties waived a fact-finding hearing and did not agree to extend the statutory deadline for completing the impasse procedure.

For comparison purposes, both the Union and the County propose the same sets of public employee comparables that were proposed to the fact finder in 1997. Since that fact finder did not reject any proposed public employee comparable, this arbitrator will not either. There is a benefit to the parties if a consistent set of comparables is relied upon by the parties as well as those who are involved in the impasse process. Further, like that fact finder, this arbitrator concludes that internal comparability, that is the relationship of these proposals to the settlements existing among the other bargaining units within the country, are relevant. However, since there are no settlements among these units; since the parties' proposals are similar in each of the other internal disputes, and since only one of the proposed public employers runs a facility similar to that in this dispute, the wage settlement trend within the area as well as the cost of living increase during this past year was considered when determining the reasonableness of the wage rate proposals. In addition, the ability of the employer to finance the adjustments was considered and these factors carried greater weight in making the decision reached than did the internal comparables. The same is true when the insurance positions were evaluated.

With respect to the wage proposal, both parties have proposed that employees eligible for a step increase receive that rate change when eligible. As a result, the across-the-board increase is determined by the reasonableness of the offers. There is only a half a percent difference between the parties' offers. The County is proposing a 2.5% wage rate increase essentially effective July 1, 2003 and the Union is proposing a 2% wage rate increase effective July 1, 2003 and a 2% increase effective January 1, 2004. The overall difference between these proposals, while reflecting an overall .5% increase in the wage rate, is approximately .25% since the Union's proposes the second increase in January. Consequently, while the Union's proposal is higher than the County's proposal the overall impact on the County's ability to finance the increase is not significant.

Further, the evidence shows that either proposal is reasonable when compared to the 2.4% cost of living increase during the past year but that the Union's proposal is more reasonable when compared with the settlement trends in the area; the rate increase granted in the other county that has a similar public facility, and with the only existing wage rate settlement (the final year of a contract) within the County.

In addition, the Union's offer is considered more reasonable when the fact that the parities agree there is a staffing shortage and that some positions have remained vacant for a substantial period of time, both factors that cause the County to contract help. By increasing the overall wage rate, the Union's offer, which does not have an appreciable impact upon the County's budget, clearly attempts to make the wage rate more comparable to the overall settlement trend but also results in the already low wage rates not dropping further when compared with the other County that has a similar facility.

Finally, although the County has argued that its ability to finance wage rate increases has been diminished by the fact that its reserves are dwindling a review of the property valuations indicates growth still continues although the growth is not as great as it has been in the past. Further, while the reserves are less, the reserve amount does not indicate the County has any significant financial problems at this point in time.

Given these facts, it is concluded that neither wage proposal would create significant financial difficulties for the County. It is also concluded that the Union's wage proposal does not exceed the settlement trend in the area nor the cost of living as indicated by the Consumer Price Index. Finally, it is concluded that the Union's wage proposal does more to address the chronic shortage of staff problem and that the resulting wage rate increase is no greater than as the wage rate increases in the only other County that runs a public facility.[2]

While the parties' proposals with respect to prescription drugs co-pays are identical there is a significant difference in their proposals with respect to the employee's contribution toward the monthly premium payment. The County proposes that the employee's monthly contribution be four times that currently being paid by the employees while the Union proposes that the monthly contributions be doubled. While there is no question that the employee contribution toward the monthly premium is significantly less than the monthly contribution, at least for those electing dependent care, than the monthly contribution in three of the counties considered comparable, it is also noted that the current employee contribution, again with respect to those electing dependent care, is more than the employee contribution in three other comparable counties and identical to one other county. Consequently, it cannot be concluded that the comparables support the increase sought by the County.

Further, while the evidence indicates that the County's costs for health insurance in its self-funded program are increasing substantially during this next fiscal year, it also indicates that the increase is directly related to an underfunding in the past and not to employee misuse of the benefit. This fact, together with evidence that shows the employees have continually been willing to address rising health insurance costs over the years by making significant voluntary concessions in benefit coverage and the fact that the Union is now offering to help absorb some of the county's cost by doubling the monthly premium payment, indicates the Union's offer with respect to the insurance issue is far more reasonable than the County's.

AWARD

Having given consideration to the statutory criteria set forth in Chapter 20, Section 20.22 of the Code of Iowa; having considered the arguments and evidence advanced by both parties, and

[2] Since no private sector data was provided, a comparison of the proposals with that of increases within the private sector was not made.

having reached the above conclusions, it is determined that the Union's offer, together with the stipulations of the parties and those terms of the predecessor collective bargaining agreement which remained unchanged thoughout the course of bargaining shall be incorporated into the 2003-2004 collective bargaining agreement.

Sharon K. Imes

Sharon K. Imes, Arbitrator

March 12, 2003

CERTIFICATE OF SERVICE

I certify that on the 12th day of March, 20 03, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (personally ~~personally delivering~~) (faxing ~~mailing~~) a copy to them at their respective addresses as shown below:

Tom Pounds 319-833-3144

Joe Rasmussen 319-842-2471

Susan Bolte 515-242-6511

I further certify that on the 17th day of March, 20 03, I will submit this Award for filing by (personally ~~personally delivering~~) (mailing ~~mailing~~) it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

Sharon K. Imes

SHARON K. IMES, Arbitrator
(Print Name)

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